the MORTGAGE BANKER

NOVEMBER 1951

A new [illegible] Left to right, Milton T. [illegible] Brown L. Whatley, new [illegible] president; and [illegible] Costa, new president.

this issue ★

REPORTING FROM SAN FRANCISCO ON SOME OF THE THINGS SAID AND DECIDED THERE WITH SOME VIEWS OF THOSE WHO WERE A PART OF ONE OF MBA'S LARGEST ANNUAL GATHERINGS

PRESIDENT'S *Column*

ON the last day of our Annual Convention in San Francisco, a breakfast was held for men up to 35. Seventy-three attended and the enthusiasm of these young men to participate in MBA activities was very evident. Our official family was represented by Past President Milton T. MacDonald, Brown Whatley, Vice President, George Patterson, Secretary and the writer.

Several of those attending had been given committee assignments for the coming year and were asked to tell of the organizational meetings of their committees held on the previous Wednesday. Suggestions were solicited as to how MBA could be made more interesting for these younger men and quite a number of good thoughts were advanced. One member urged us to have a breakfast at each annual meeting and to schedule it early on the agenda so all could meet each other and get acquainted before the sessions started. A committee was appointed to make a study and offer suggestions to our officers.

Observing all this interest in our trade association is very refreshing and it is my hope we can expand this activity to encourage our young people to participate further. Possibly they could function similarly to the manner in which a Junior Chamber of Commerce supplements the senior organization. Another suggestion was that this group might be given the privilege of selecting two of their group to be MBA Board members. Another is that we hold a Conference for a couple of days in Washington each year with only those under 35 eligible to attend. This suggestion is worth trying the coming year. Sam Neel can prepare a fine program using top men in FHA and VA as well as others. This suggestion will be carried out early next year and further announcements will be made soon.

Aubrey M. Costa

President, Mortgage Bankers Association of America.

the MORTGAGE BANKER

PUBLISHED MONTHLY BY THE MORTGAGE BANKERS ASSOCIATION OF AMERICA

Executive and Editorial Office	Washington Office
111 West Washington Street, Chicago 2	1001—15th St., N.W., Washington 5, D. C.

THE MORTGAGE BANKER is distributed monthly to members of the Mortgage Bankers Association of America. Publications may reproduce material appearing in the magazine only by permission of the Association. Opinions expressed are those of the authors or the persons quoted and are not necessarily those of the Association. Advertising rates on request. Subscriptions: Of the Limited, Regular and Associate dues, $4.00 is for a year's subscription to THE MORTGAGE BANKER, the official monthly publication of the Association. Separate copies 35¢. Entered as second class matter at the post office at Chicago, Illinois, under the Act of March 3, 1879. An index of all articles and a separate index of all authors in preceding 12 issues appears every January.

Volume 12 **NOVEMBER, 1951** **Number 2**

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National Homes Mortgages are Good Investments

Families living in National Homes like this can be valuable all-around customers of your institution.

● Purchasers of National Homes are the thrifty, modest income type, who take great pride in owning their homes — pride that results in better care of their property, thus enhancing the value of your security. When you invest in National Homes mortgages, these folks get acquainted with your institution and you have an opportunity to sell them other services, developing profitable plus business. See your local National Homes dealer or write us for full particulars.

NATION'S LARGEST PRODUCERS OF PREFABRICATED HOMES . . .

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Speeches at the CONVENTION

WHETHER you were in San Francisco or not and even though you heard every speech, you will still find the talks given there of considerable interest and value. Those on servicing, collections, delinquencies and mortgage operation can be read with profit, and then filed for future reference, and the same is true of the talk on employee relations by Wallace Moir. Others, such as the addresses of the various government agency officials, will give mortgage lenders a better understanding of how these men evaluate many of the most important problems confronting us now. One of them, the address by T. B. King of the VA, was only partially given at the Friday session and represents the reasoning behind the official attitude about GI loans at the present rate. And of course there is the analysis by W. A. Clarke on the outlook for loans, with every statement supported by statistical evidence.

Any or all of these addresses are available to MBA members without charge. Specify those you wish and they will be sent promptly.

President's Annual Report by Milton T. MacDonald

An Appraisal of the Mortgage Market and What Is Ahead—the HHFA Viewpoint, by Neal J. Hardy, assistant administrator, Housing and Home Finance Agency

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An Appraisal of the Mortgage Market and What Is Ahead—the FHA Viewpoint by Franklin D. Richards, FHA commissioner

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Outlook for GI Loans in 1952 by T. B. King, Director, Loan Guaranty Service, Veterans Administration, Washington, D. C.

An Appraisal of the Mortgage Market and What Is Ahead — the National Viewpoint by P. I. Prentice, editor and publisher, The Magazine of Building

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Trial and Error in the Field of Mortgage Financing by William A. Marcus, Senior Vice President, American Trust Company, San Francisco

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Mortgage Servicing — Looking Ahead to 1952 by Thomas E. McDonald, MBA Director, Department of Accounting and Servicing

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Savings Realized Through Adoption of a New Accounting Idea by Fred K. Cordes, Deputy Comptroller, The Bowery Savings Bank, New York

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How the Servicing Manager Can Achieve Maximum Efficiency by William I. De Huszar, Treasurer, Dovenmuehle, Inc., Chicago

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Big Business and Government Regulations by T. S. Petersen, President, Standard Oil Company of California, San Francisco

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The Impact of Air Transportation on Real Estate Values by A. N. Kemp, Chairman of the Board, Pacific Mutual Life Insurance Company, Los Angeles

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If Peace Comes, Can Deflation Be Far Behind? by Dr. Arthur A. Smith, Vice President, First National Bank, Dallas, Texas

---

Collections and Delinquencies As Related to the Problems Confronting the Mortgage Company by William W. Salmon, Secretary-Treasurer, Southern Trust & Mortgage Company, Dallas

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Collections and Deliquencies As Related to Commercial and Savings Banks by Linden L. D. Stark, Vice-President, The Anglo California National Bank of San Francisco

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Collections and Deliquencies As Related to the Insurance Company by Richard M. Hurd, Vice President, Teachers Insurance & Annuity Association of America, New York

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An Appraisal of the Mortgage Market and What is Ahead by William A. Clarke, President, W. A. Clarke Mortgage Company, Philadelphia; Consultant, Division of Selective Credit Regulations, Board of Governors, Federal Reserve System

---

How to Procure and Retain Efficient Personnel by Wallace Moir, President, Wallace Moir Company, Beverly Hills

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Good Customer Relations is Good Business by Marsden S. Blois, Vice-President, Bank of America, San Francisco.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, AND CIRCULATION REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, AND JULY 2, 1946, (Title 39, United States Code, Section 233) of THE MORTGAGE BANKER, published monthly at Chicago, Ill., for Oct. 1, 1951.

1. The names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Mortgage Bankers Association of America, 111 W. Washington St., Chicago 2, Ill.; Editor, G. H. Knott; Managing Editor, None; and Business Manager, None.

2. The owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual member must be given.) Mortgage Bankers Association of America, an Association not for profit, 111 W. Washington St., Chicago 2, Ill.; Aubrey M. Costa, President, 1302 Main Street, Dallas 1, Texas; Brown L. Whatley, Vice-President, 100 W. Bay St., Jacksonville 2, Florida; George H. Patterson, Secretary-Treasurer, 111 W. Washington St., Chicago 2, Illinois.

3. The known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. Paragraphs 2 and 3 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner.

5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above was: (This information is required from daily, weekly, semiweekly, and triweekly newspapers only.)

G. H. KNOTT
Editor

Sworn to and subscribed before me this 21st day of September, 1951.

Clarice Rhode, Notary Public
(My commission expires April 20, 1955.)

Meet
Mr. PRESIDENT

EVERY morning at 8:30, five days a week, a Cadillac brings a man to 1302 Main Street in the heart of financial and business Dallas. A man gets out and walks briskly to his office for another day's work. Nothing very startling about that because there are a lot of Cadillacs in Dallas and a lot of people go to work there. But this one happens to belong to the man who will direct MBA's destinies for the next 12 months and the man, of course, is President Aubrey M. Costa. Work is his principal hobby, and he gets genuine satisfaction from seeing a job well done.

He'll plunge into the day's work in an orderly, systematic manner, the same way he planned his business and the way he regulates his life. But these mornings he finds considerable extra correspondence to handle, new decisions to make, and projects to approve which weren't his concern a month ago. It's all part of the job of being MBA president, one that takes an increasing amount of time from those who hold the position—and often makes them pause momentarily when they realize that another job has been superimposed on their own.

This has been quite a year for President Costa, certainly one he won't forget. Late in 1950 the building housing his firm was almost completely destroyed by fire; but on May 24, 1951—the 27th anniversary of his association with F. M. Love in founding the company with only one employee—the firm reopened in new offices in the same location. Then in June came nomination as MBA president and last month election at San Francisco. The rest of 1951 is sure to be equally busy and 1952 will be more of the same.

President Costa is a native Texan and shares the average Texan's enthusiasm for the Lone Star State. His birthplace was Corsicana, about 50 miles south of Dallas. He has been a hard worker from boyhood. He sold Saturday Evening Posts in Corsicana and worked behind a soda fountain in a drug store. Finishing high school, he took a business course and then began his career in the oil business. He first went to work with Magnolia Petroleum Company, and later with

(Continued on page 30, Column 1)

Partners for 27 years—Costa and Love

TEXANS HONOR A TEXAS PRESIDENT: In typical Texas style, officers of Republic Insurance Company of Dallas, of which President-elect Aubrey M. Costa is a director, made the Convention an occasion to honor the new head of MBA with a reception. Held in the Fairmont's huge Terrace Room, with western music and colorful decorations from the Lone Star State, all members attending the Convention received invitations to attend—and apparently most of them did. To greet them were Republic officials Hugh H. Gaffney, Lenox Carruth, Kenneth D. Steere and Russell H. Perry. Seen there were:

No. 1: W. Walter Williams of Seattle joins the other guests in autographing the giant greeting card later presented to Mr. Costa. Republic President Gaffney looks on.

No. 2: Guests near one of the four large canape tables see giant photograph of new MBA president.

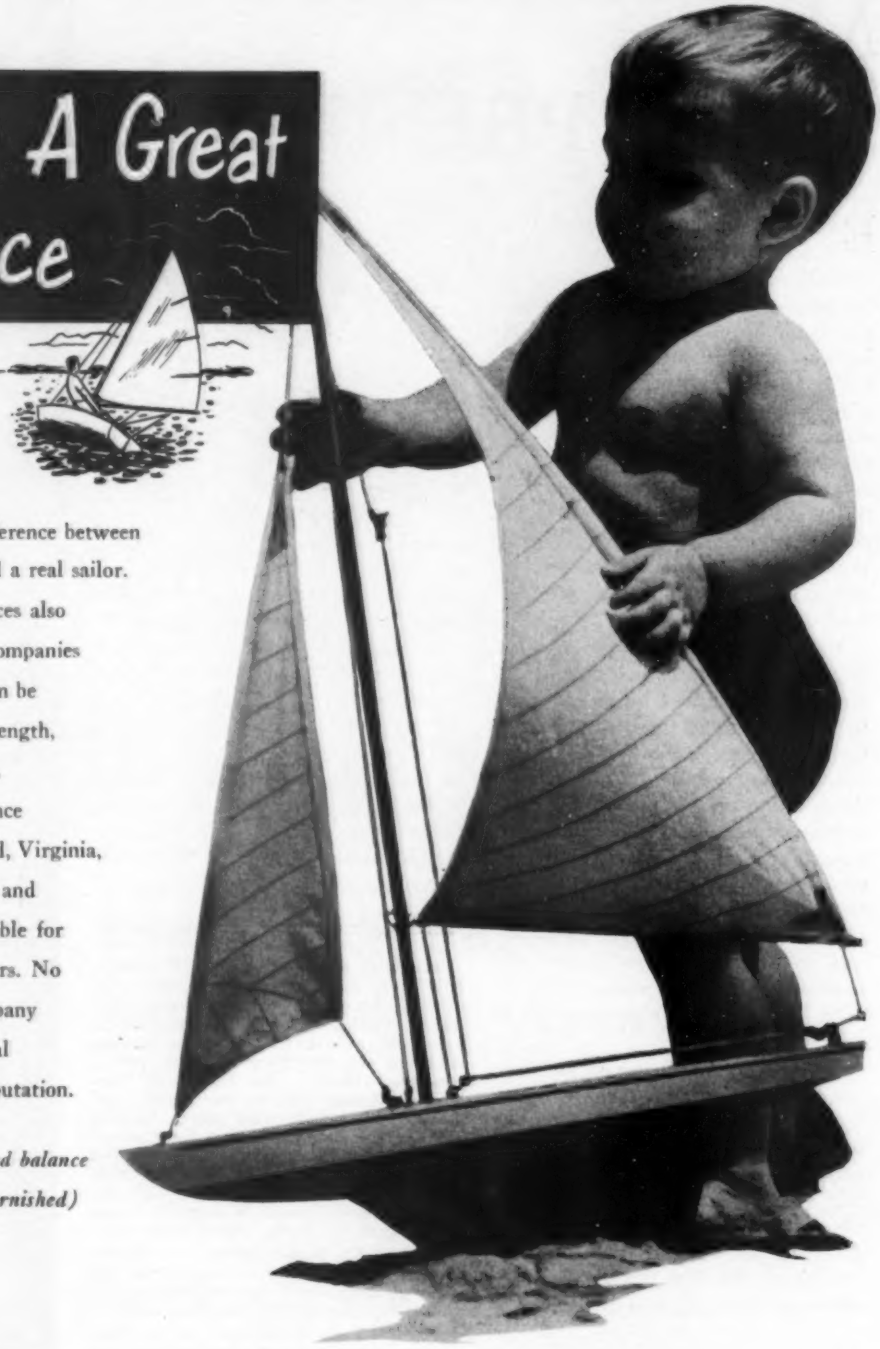
No. 3: T. B. King, director of VA's loan guaranty service, stops for a chat with Past President Aksel Nielsen of Denver.

No. 4: W. A. Clarke of Philadelphia does the same with Neal J. Hardy, assistant administrator of HHFA in charge of plans and programs, probably about what they may be planning to say at next morning's session.

No. 5: Two guests from Beverly Hills, Wallace Moir and George W. Elkins.

No. 6: From the South, D. Richard Mead of Miami Beach and W. E. Harrington of Atlanta.

There is A Great Difference



THERE is a great difference between this tiny land lubber and a real sailor.

Fundamental differences also exist among insurance companies . . . Differences which can be described in terms of strength, character and reputation.

Lawyers Title Insurance Corporation of Richmond, Virginia, is outstanding in amount and character of assets available for protection of policyholders. No other title insurance company offers so much in financial strength and national reputation.

(Upon request, condensed balance sheet will be gladly furnished)

(Virginia)
Lawyers Title Insurance Corporation

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TITLES INSURED THROUGHOUT 32 STATES, THE DISTRICT OF COLUMBIA AND THE ISLAND OF PUERTO RICO. BRANCH OFFICES AT AKRON, ATLANTA, AUGUSTA, BIRMINGHAM, CAMDEN, CINCINNATI, CLEVELAND, COLUMBUS, DALLAS, DAYTON, DETROIT, MIAMI, NEWARK, NEW ORLEANS, NEW YORK, PITTSBURGH, RICHMOND, SPRINGFIELD, ILL., WASHINGTON, WILMINGTON, WINSTON-SALEM, WINTER HAVEN. REPRESENTED BY LOCAL TITLE COMPANIES IN 135 OTHER CITIES.

VA Loans in 1952

By T. B. KING

Director, Loan Guaranty Service, Veterans Administration

DESPITE many arguments to the contrary, we believe that the 4 per cent VA-guaranteed loan still stands out as a profitable investment for institutional investors in terms of alternative investment media with the same lack of risk. We recognize that following upon the monetary actions of last March, the yield structure in the money market has shifted upward substantially. The average yield on long term governments which stood at 2.40 in February 1951, climbed to 2.65 in June of this year. Bank restricted issues of long term governments rose from 2.45 to 2.68 over the same period.

Yields on corporate bonds increased apace. Thus, the yields on Triple A corporate bonds moved from 2.66 in February to 2.94 in June, and "B" grade bonds increased from 3.16 to 3.49.

Although yields on corporate bonds are thus included in this brief comparison because they share considerably in the available supply of capital seeking investment, the only fair basis of comparison for GI 4 per cent loans is the yield obtainable from government bonds, because only government bonds are comparable in terms of the virtual absence of risk to the lender.

And what is the comparable yield basis for GI loans? Clearly there is no one single net yield factor for GI 4 per cent loans which would be applicable to lenders of varying portfolio size and varying efficiency in operation. However, based on the data we have been able to obtain, we believe the net yield on VA-guaranteed 4 per cent loans in an efficiently managed portfolio must still be admitted to be sufficient to attract investment capital, when compared with even the present high yields on government bonds.

Perhaps the best available source on operating costs is the National Bureau of Economic Research study of the urban mortgage lending activity of life insurance companies. That study indicated that for the average size life insurance company the overhead administrative expense of a mortgage portfolio was equal to about three-tenths of one per cent of the outstanding loan balance. Since the study was conducted for the years 1945 through 1947 some additional increase may well be necessary to account for increased operating costs. However, even assuming an administrative overhead factor of four-tenths of one per cent, we arrive at a net yield of 3.6 per cent after overhead and administrative costs.

If we then take the prevailing one-half of one per cent servicing fee or assume a servicing cost of one-half of one per cent we find an estimated yield of 3.1 per cent for a GI 4 per cent loan. Of course the net yield may be somewhat higher for local mortgage lending institutions which hold the mortgages in portfolio since the combined functions of origination, servicing, and management are all concentrated under one roof with a consequent elimination of certain duplicating administrative expense.

Many mortgage lenders are devoting increased attention to the cost of servicing to see whether appreciable cost reductions may be possible through more streamlined and more efficient operation. Considerable thought is being given to suggestions which would reduce the home office or overhead expense of the holding institutions. Progress in either direction would, of course, help to improve the net yield for mortgage investing institutions.

Whether or not they are successful along such lines the indicated net yield of slightly over 3 per cent for the GI loan carries a sufficient margin to attract investment in VA-guaranteed 4 per cent loans as compared with even the present yields on government bonds.

We have stated at various times our conviction that the present stringency in the supply of GI 4 per cent loans apparent in many communities is not so much due to the real lack of attractiveness of the 4 per cent rate but rather is due to the fact that many mortgage investors have largely withdrawn from the mortgage market over the past several months—a withdrawal made necessary because of indigestion or temporary exhaustion ensuing from the tremendous volume of commitments made in the latter part of 1950 and in the early part of 1951.

There are signs, faint, it is true, that the period of indigestion is slowly coming to a close and that large mortgage investors are re-entering the mortgage market. It is to be expected that such re-entry will be gradual and that initial purchases will be characterized by a certain degree of selectivity. But as the months wear on, it is our belief that more and more capital will become available for mortgage lending, including the placement of funds in GI 4 per cent loans.

I think mortgage lenders should realize, in shaping their future mortgage lending programs, that World War II veterans must be reckoned as the dominant customers for mortgages. I have some clinching figures on that subject. For example, according to a recent Federal Reserve Board study of home purchases in the five months after October 12, 1950, World War II veterans accounted for about 50 per cent of all home purchases, including both new and existing homes. In the new housing market during this same period two out of three home purchasers were World War II veterans. Other available surveys indicate that these factors may have been above normal in the period immediately following October 12, 1950, but data from all sources clearly indicate that at least 40 per cent of the potential home buyers who will require mortgage financing will be World War II veterans.

(Continued on page 32, column 3)

. . . of a Memorable MBA Convention

WAS the long drought ending? What did the substantial recovery in governments indicate for the future? What is the extent of the undigested commitments in the hands of institutional buyers and when might the lending industry reasonably expect them back in the market for loans on some substantial basis? How can there be any market for GIs with the rate rigidly frozen at 4 per cent? In short . . . what plan of operation, what policies, what guide-posts into the future might a mortgage man follow in the months ahead?

These were questions uppermost in the minds of just about everyone who arrived in San Francisco the second week-end in September for MBA's 38th annual convention. The answers were avidly sought; were they available?

Not clear-cut, specific, definite answers to every question but members did get a far better understanding of events of recent months. They learned much on which to reach conclusions as to what lies ahead. Buttressed by facts and figures which emerged from careful research and analytical thinking, members heard:

>> That a very substantial recovery in the government and corporate bond markets has occured, that this is all to the good in creating prospects for a better mortgage market in the months ahead.

>> That the "indigestion" of the large institutional investors which developed after the change in fiscal policy, is rapidly disappearing and later this year and early in 1952, the market should be ready to absorb a great many more loans than most people dared anticipate even a short time ago.

>> That the incongruity of FHA and VA interest rates remaining frozen at the present levels when the rest of the money market has moved up still remains Problem No. 1 with—members discovered—not much more hope than ever in the past that anything is going to be done to remedy the situation. For the prime culprit, VA loans, prospects appeared dim as ever that anything would be done.

So dogmatic seemed to be the official attitude against any change in the VA rate, that another idea to help end the troubles in guaranteed loans actually got more attention. National Association of Home Builders President W. P. Atkinson recommended it and others followed suit. Namely, it was the suggestion that VA should amend its regulations to permit lender and builder to enter into a contract providing that if, at the time of closing a VA loan, it had to be sold to a private investor at a discount, the discount could then be absorbed by the builder without any allowance being made by VA.

Discussed widely and earnestly, the idea is now on the fire and the industry may be hearing more about it.

And, as has traditionally been true at MBA meetings, to get a full and accurate pulse reading, one can often do it best by stepping away from the general sessions out into the corridors. There, more than 1300 mortgage lenders and investors were exchanging their views. Here and there, from all sorts of people with varied interests in mortgages, emerged the definite opinion that "it's getting better," "conditions are improving," "I can see light ahead and I couldn't two months ago."

There were instances, many of them, of offerings which excited no interest at all in recent months—but stirred up nibbles today.

One heard of this and that investor coming back into the market, of a big company inquiring about blocks of FHAs at various FNMA offices, of other investors seeking insured loans. The improvement would come—was here in fact—for FHAs with that for VAs to follow, it was hoped.

That a change was in the making no one seemed to doubt; but equally true was the hard cold fact that there is still quite a bit of road to cover before the readjustment was completed. And all agreed that the readjustment had indeed been a severe one for mortgage lending. At San Francisco, mortgage men were more than ready to hope that the speaker who said that "we have experienced a phenomenon that may never occur again" knew exactly what he was talking about. At least everyone hoped he did.

Convention-wise or meeting-wise, MBA's 38th can safely be set down in the record as the most interesting the Association has sponsored. It wasn't quite the largest (we have to go back to Detroit last year for that) but it was larger than those who planned it dared expect in view of the great amount of time it required for members to get there and the considerably higher expense involved.

Strange to record — especially in view of what the industry has experienced in the previous six months—it was probably the most *enthusiastic* MBA Convention. On that point, practically no one would disagree. Colorful, picturesque San Francisco as a Convention locale may have been partially responsible. The ideal weather probably had an influence. The appearance of the ladies in unprecedented numbers certainly had an effect. The successful social events arranged for members' pleasure contributed something. Many other

things helped make a successful meeting but whatever the reasons, the over-all result was an optimistic, enthusiastic gathering of mortgage people. More members than ever before declared—with undoubted emphasis and sincerity—that "this is the best Convention we've ever had."

Statistically speaking, the attendance will be recorded as 1811 of which 1191 were men, 477 ladies and the rest government agency and guest complimentary registrations. Actually there were more than that in San Francisco. The difference is represented by a number of FHA, VA, FNMA and other government agency officials who attended but whose names did not get on the registration lists. Officially we showed attendance from 195 cities and towns and 45 states, the District of Columbia and Canada (missing were New Hampshire, Delaware and North Dakota.) Running back over a decade of MBA conventions, here's how these annual meetings have grown:

New York, 1941	770
Chicago, 1942	608
Chicago, 1943	695
Chicago, 1944	969
New York, 1945	940
Cincinnati, 1946	1,080
Cleveland, 1947	1,186
New York, 1948	1,460
Chicago, 1949	1,600
Detroit, 1950	1,825
San Francisco, 1951	1,811

When the Convention got to the most serious business at hand—at probably the most crowded MBA session ever. It was Friday morning's appraisal of the mortgage market and what's ahead. The panel: President Milton T. MacDonald (seated), National Association of Home Builders President W. P. Atkinson, FHA Commissioner Franklin D. Richards, P. I. Prentice, editor and publisher. The Magazine of Building, W. A. Clarke, moderator, Sen. John Sparkman of Alabama, Neal J. Hardy, assistant HHFA administrator, T. B. King, of VA's loan guaranty service, and Miles Colean, housing consultant.

49 NEW MBA MEMBER APPLICATIONS SO FAR

Last year was an all-time high record for new MBA members with the final count showing 279 admitted as against 238 in the previous year. Total membership stood at 1661 as against 1463 at the same period a year ago. Vice President-elect Brown L. Whatley headed the membership committee which turned in this outstanding performance.

The campaign this year has started at the same swift pace, with 49 new applications already received. John C. Hall of Birmingham heads this year's committee. State and city membership chairmen nation-wide have already been named, one committee meeting has already been held and the 1951-52 drive is off. Mr. Hall expects to cover the country to see that no eligible member is over-looked is rounding out the Association's roster.

Meanwhile, the Membership Qualifications Committee has one of the most important Association assignments in scrutinizing every application to determine that each meets membership requirements.

New members just admitted include:

CALIFORNIA—*San Bernardino,* American National Company of San Bernardino, Court and E Streets, R. N. Cook, Secretary; *San Diego,* Cotton Mortgage Co., 521 Orpheum Theatre Building, William O. Cotton, President; *San Francisco,* E. S. Merriman & Sons, 235 Montgomery St., Dwight L. Merriman; *Pasadena,* The William Wilson Company, 40 North Garfield, William Wilson, Jr.

FLORIDA—*Miami,* Henry E. Wolff Co., Pan American Bank Building, Henry E. Wolff; *West Palm Beach,* Atlantic Title Company, 116 South Olive Avenue, Ricker Alford, President.

GEORGIA—*Savannah,* Dotson Realty Co., 112 West Congress Street, R. J. Dotson.

ILLINOIS—*Chicago,* L. J. Sheridan & Co., 111 W. Washington Street, John L. Huntington.

IOWA—*Council Bluffs,* Council Bluffs Savings and Loan Association, 503 West Broadway, E. P. Juel, Secretary.

LOUISIANA—*DeRidder,* Beauregard Homestead Association, 120 Jefferson Avenue, Cecil R. Middleton, Secretary.

(Continued on page 21, column 2)

AUBREY M. COSTA SUCCEEDS MILTON T. MacDONALD AS PRESIDENT; BROWN L. WHATLEY NEW VICE PRESIDENT

AUBREY M. COSTA, president of the Southern Trust and Mortgage Company, Dallas, was elected MBA president for the 1951-52 year at the annual meeting of the Association which was a part of the opening Convention session. He succeeds Milton T. MacDonald, vice president, Trust Company of New Jersey, Jersey City. Brown L. Whatley, president, Stockton, Whatley, Davin & Company, Jacksonville, Fla., was elected vice president.

Elected to the board of governors were:

Thomas E. Lovejoy, Jr., president, The Manhattan Life Insurance Company, New York.

Fred C. Smith, vice president, The Bowery Savings Bank, New York.

Maurice R. Massey, Jr., president, Peoples Bond and Mortgage Company, Philadelphia.

Oliver M. Walker, president, Walker & Dunlop, Inc., Washington, D. C.

Howard S. Bissell, president, Howard S. Bissell, Inc., Cleveland.

A. H. Cadwallader, Jr., president, Mortgage Investment Corp., San Antonio.

Donol F. Hedlund, president, Carroll, Hedlund and Associates, Inc., Seattle.

William A. Marcus, senior vice president, American Trust Company, San Francisco.

Ralph E. Bruneau, vice president, Valley National Bank of Phoenix.

Elected regional vice presidents were:

Robert M. Morgan, vice president, The Boston Five Cents Savings Bank, Boston.

William L. King, president, Boss & Phelps Mortgage Co., Washington, D. C.

D. L. Stokes, president, D. L. Stokes & Company, Inc., Atlanta.

Joseph M. Downs, vice president, The Ohio State Life Insurance Company, Columbus, Ohio.

Walter C. Nelson, vice president, Eberhardt Company, Minneapolis.

W. Ross Johnston, president, W. R. Johnston & Co., Inc., Oklahoma City.

John F. Austin, Jr., president, T. J. Bettes Company, Houston.

Franklin W. White, president, Securities Incorporated, Portland, Oregon.

Several of the new MBA governors and regional vice presidents have not previously served in these positions.

Robert M. Morgan is vice president and treasurer of The Boston Five Cents Savings Bank. He is chairman of the real estate advisory committee of the Federal Reserve Bank of Boston and the mortgage committee of the National Association of Mutual Savings Banks. He is a member of the National Voluntary Credit Restraint Committee and the mortgage committee of the Savings Banks Association of Massachusetts. He is director of Chandler & Farquhar, Inc., the Boston Municipal Research Bureau and the Boston Real Estate Board.

D. L. Stokes is president of D. L. Stokes & Co., Inc., of Atlanta, Ga. He is a native of that state, attended the University of Georgia and was in the infantry and air force in the first World War. His early mortgage experience was in the farm field in Jefferson and Macon, Ga. In 1921 he became associated with Frederick E. Nolting Company, Richmond, Va. as a farm mortgage appraiser, later becoming principal field appraiser and vice president of Home Mortgage Corporation, a subsidiary. In 1929 he opened a Georgia office of these companies. In 1936 he went into business under his own name. The company deals in all types of mortgage loans, sales, property management and residential and apartment construction. He is a 32nd degree Mason and member of the Shrine, Atlanta Athletic Club and chairman of the board of the Home Builders' Association of Atlanta.

Franklin W. White is president of Securities Incorporated of Portland,

Elected Governors and Regional Vice Presidents of MBA


Thomas E. Lovejoy, Jr.


Fred C. Smith


M. R. Massey, Jr.


Oliver M. Walker


Howard S. Bissell


A. H. Cadwallader, Jr.


Donol F. Hedlund


William A. Marcus


Ralph E. Bruneau


Robert M. Morgan


W. L. King

D. L. Stokes

Joseph M. Downs

Walter C. Nelson

W. Ross Johnston

John F. Austin, Jr.

Franklin W. White

Ore. He is a native of Wisconsin, having been born in Superior. He received his education at the University of Minnesota and went into the mortgage business in Seattle in 1927 and continued in this field for 15 years. From 1942 to 1945, he served in the air force and then joined Carroll, Hedlund & Associates as manager of their Portland office. In 1947, with Robert J. James and R. A. DuBay, he acquired the Carroll, Hedlund office and organized Securities Incorporated which he now heads.

Joseph M. Downs is vice president of The Ohio State Life Insurance Company of Columbus. He is a native of Ohio and received his BA and LL.B. degrees from Ohio State University. He was admitted to the practice of law in that state in 1927 and joined Ohio State Life in 1936 as attorney in the mortgage loan department. He later served as assistant secretary and assistant treasurer and then as treasurer and in 1948 was elected a director and vice president and manager of the mortgage loan and real estate departments. He is a member of the University Club of Columbus and associate member of the Columbus Real Estate Board.

Ralph E. Bruneau is vice president of the Valley National Bank in Phoenix. He is a native of Utah and went to military school and the University of Utah in Salt Lake City. He served in the Marines during the first World War, and returned to Salt Lake to become a partner and later owner of the Bruneau Abstract & Title Company.

In 1929 he moved to Phoenix as secretary of the Intermountain Building and Loan group and manager of the Arizona National Insurance Agency. In 1935 he went to the Valley National Bank as mortgage loan officer, and later became manager of the mortgage loan division as Assistant Vice President.

In 1942 he re-entered the service and served with the Engineers Corps as Lieutenant Colonel for 3½ years. Returning in 1946, he was named vice president and manager of the mortgage loan division.

He is a member of ABA, the Phoenix Real Estate Board, National Association of Home Builders, and past president of the Society for Residential Appraisers, Phoenix Chapter.

Oliver M. Walker is president of Walker & Dunlop, Inc. of Washington, D. C., and has been active in MBA affairs for many years, notably in our mortgage servicing efforts and clinics. He is a native of Alabama and attended the state university and later the U. S. Naval Academy. He began his business career as an advertising salesman and in 1935 organized the firm he now heads.

Donol F. Hedlund has been active in the mortgage loan business since 1938 and now heads Carroll, Hedlund and Associates, Inc. in Seattle, which was founded in 1940. After finishing college he spent considerable time in the hotel and property management field, and the latter is an important part of the firm's present activities.

Walter C. Nelson is vice-president of the Eberhardt Company of Minneapolis. He was formerly mortgage loan inspector and appraiser for Equitable Life in certain midwestern states. He was formerly president of the Minneapolis MBA and the Society of Residential Appraisers. He has been active in the MBA educational program and has lectured extensively at the University of Minnesota on mortgage subjects for the Minneapolis Real Estate Board.

Thomas E. Lovejoy, Jr. is president of The Manhattan Life Insurance Company, New York and well known to the MBA membership. He has long been active in Association affairs, in recent years particularly in our educational courses. This year he is Chairman of our Clinic Committee.

PEOPLE *at the* CONVENTION

FEW who were in San Francisco thought about it at the time but the thing that most of them will remember longest was the general feeling of optimism and good will which seemed to pervade a meeting which conceivably might have expressed itself differently. During the four-day sessions, *The Mortgage Banker* camera recorded some of the more than 1800 who were there. Left to right, you see them—

No. 1: John L. Mylod, president of Pacific National Fire Insurance Company, San Francisco; L. M. Giannini, president of the Bank of America; and Owen M. Murray, The Murray Investment Company, Dallas.

No. 2: MBA Secretary George H. Patterson, celebrating his 20th anniversary year with the Association, with two of those who spear-headed the drive to make San Francisco a memorable Convention year, William A. Marcus, senior vice president of the American Trust Company, and Willis R. Bryant, assistant vice president of the institution.

No. 3: Four who delight in calling themselves "old timers," R. S. Beachy, Kansas City, one of MBA's honorary life members; Past Presidents E. E. Murrey, First Mortgage Company, Nashville, and R. O. Deming, Jr., The Deming Investment Company, Oswego, Kan.; with Elmer H. Grootemaat, A. L. Grootemaat & Son, Inc., Milwaukee.

No. 4: Familiar faces. John H. Scott, Scott Mortgage Company, Pittsburgh, and Mortgage Bankers Legion Grand Marshal

Mortgage men "under 35" get together for a breakfast and a new Association activity is the result. For details, see page 32.

in year just closed; Wallace Moir, Wallace Moir Company, Beverly Hills, Calif.; Miller B. Pennell, Fraser Mortgage Company, Cleveland, and MBA general counsel; and Earl Linn, Weitz-Linn Investment Company, Des Moines.

No. 5: W. T. Thomsen, Home Life Insurance Company, New York; W. C. Weaver, Jr. and G. D. Brooks, National Life and Accident Company, Nashville, Tenn.; with Past President Byron T. Shutz, Herbert V. Jones & Company, Kansas City.

No. 6: Happy time. Allyn R. Cline, Cline Mortgage & Trust Company, Houston and new Legion Grand Marshal; Joseph M. Downs, Ohio State Life Insurance Company, Columbus; Reuben A. Scott, Northwestern National Life Insurance Company, Minneapolis; and Albert Mager, Mager Mortgage Company, Oklahoma City.

No. 7: New York Life group, Bernard E. Dockerty, Aylett J. Buckner and Charles R. Van Anden, New York Life Insurance Company, with President-elect Aubrey M. Costa, Southern Trust & Mortgage Company, Dallas.

No. 8: Florida representation. Joseph W. Davin, Stockton, Whatley, Davin & Company, Jacksonville, Fla.; Elmer H. Grootemaat; and John W. Austin and Vice President-elect Brown L. Whatley of Mr. Whatley's company.

No. 9: Past President L. A. McLean, Southern Trust Company, Louisville, with R. S. Beachy, Stanley H. Trezevant, Stanley H. Trezevant & Company, Memphis; Joseph W. Davin; and Jack D. Merriman, Merriman Mortgage Company, Kansas City.

No. 10: Fred C. Smith, The Bowery Savings Bank, New York; John F. Austin, Jr., T. J. Bettes Company, Houston; Donol F. Hedlund, Carroll, Hedlund & Associates, Inc., Seattle; William F. Keesler, First National Bank of Boston; and A. L. La Pierre, Carroll, Hedlund & Associates, Inc., Seattle.

No. 11: Big group at Legion meeting. John M. Downs, Willis R. Bryant, President-elect Aubrey M. Costa, Aylett J. Buckner; James E. Woodruff, New York Life Insurance Company; and Bernard E. Dockerty.

No. 12: Henri Bourneuf, New England Mutual Life Insurance Company, Boston; Byron T. Shutz, Milton T. MacDonald, Aubrey M. Costa and George Underwood; with Sydney S. Dean, New England Mutual Life Insurance Company, Boston.

MORE PEOPLE *at the Convention*

No. 13: Lester R. Giegerich, Teachers Insurance & Annuity Association of America, New York; Murray L. Jones, Kansas City Title Insurance Company, Kansas City; and Richard M. Hurd of Teachers Insurance.

No. 14: H. E. Peterson, The Life Insurance Company of Virginia, Richmond; Frank Wolff, W. K. Ewing Co., Inc., San Antonio, and J. D. Ansley, D. Ansley Company, Inc., San Antonio.

No. 15: S. W. Vaughn, The Wheeler Kelly Hagny Trust Co., Wichita; Paul A. Nalen, The Mutual Benefit Life Insurance Company, Newark; and R. S. Brewer, The Wheeler Kelly Hagny Trust Co., Wichita.

No. 16: Texas talk. C. G. Benham, Benham Mortgage Company, San Antonio; T. A. Robinson, Jr., First Mortgage Company of Houston, Inc., Houston; John L. Lewis, John L. Lewis and Company, Fort Worth; J. D. Ansley, and V. C. McNamee, Stewart Title Guaranty Co., Fort Worth.

No. 17: Howard P. Selby, General Mortgage Corp. of Vancouver, Vancouver, Washington; C. S. Rindsfoos, The Panohio Mortgage Company, Columbus, Ohio; Carey Winston, The Carey Winston Co., Washington, D. C.; J. F. Eleford, Marine Midland Trust Company, New York; and Russell H. Perry, Republic Insurance Company, New York.

No. 18: W. C. Keesey, Fidelity Mutual Life Insurance Company, Philadelphia; Julian Wornall and Dale M. Thompson, City Bond and Mortgage Company, Kansas City.

No. 19: E. C. Spelman, The Western and Southern Life Insurance Company, Cincinnati; Frank S. Hight, Jr., Bogley, Harting & Hight, Inc., Chevy Chase, Maryland; F. C. Haas and H. J. Spurlock, Investors Diversified Services, Inc., Minneapolis; James H. Pence, James H. Pence Company, Louisville; and H. T. Aske, Madison Investment Company, Madison, Wis.

No. 20: F. L. Flynn, Flynn Investment Company, Harlingen, Texas; J. C. McGee and R. W. Warren, Reid-McGee & Company, Jackson, Mississippi; Henry H. Edmiston, Kansas City Life Insurance Co., Kansas City; and Clyde Powell, FHA, Washington, D. C.

No. 21: All from St. Louis. Waldo L. Daesch, Tower Grove Bank and Trust Company; Ray R. Dolan, Jr., Dolan Com-

pany; John J. Griffin, Jr., General Mortgage Co. of St. Louis; and J. E. Weatherford, Title Insurance Corporation of St. Louis.

No. 22: Title talk. George R. Baldridge and G. R. Pulliam, Kansas City Title Insurance Company, Kansas City; and Charles H. Keeling, Louisville Title Insurance Company, Louisville.

No. 23: Robert H. Wilson, Percy Wilson Mortgage and Finance Corporation, Chicago; R. W. Gragg, Pacific Mortgage Corporation, Los Angeles; D. R. Beaumont, Percy Wilson; Walter H. Rolapp, Pacific Mortgage.

No. 24: G. Calvert Bowie and Philip S. Bowie of the Bowie firm, Washington, D. C.; with Jack D. Merriman, R. O. Deming, Jr.; Homer C. Bastain, Fidelity Investment Company, Wichita; and John D. Hall, Cobbs, Allen & Hall Mortgage Co., Birmingham.

STILL OTHERS *at the Convention*

No. 25: Thomas E. Lovejoy, Jr., Manhattan Life Insurance Co., New York; Ed. M. Rosser, The Jordan Mortgage Company, Denver; and Allyn R. Cline.

No. 26: William A. Burnett, Continental, Inc., Seattle; Clarke Ewing, Leo J. MacLaughlin Co., Pasadena; and Franklin W. White, Securities Incorporated, Portland, Ore.

No. 27: Joseph W. Davin, Stockton, Whatley, Davin & Company, Jacksonville; George B. Underwood, Underwood Mortgage & Title Company, Irvington, New Jersey; DeWitt C. McGinniss, San Francisco; and Maurice R. Massey, Jr., Peoples Bond and Mortgage Co., Philadelphia.

No. 28: Lowell C. Paget, Paget Mortgage Co., Portland, Ore.; Lenox Carruth, Republic Insurance Company, Dallas; Fred J. Freiner, L. E. Mahan & Co., St. Louis; Hugh H. Gaffney, Republic Insurance Company, Dallas; and Ray Z. Boyer, Republic Insurance Company, Los Angeles.

No. 29: One Oklahoma boy shows some other Oklahomans how to get into the convention. W. J. Bashaw, Mager Mortgage Co., Tulsa; Jack Vesper, Finance Corporation, Tulsa; William C. Friman, Deming Investment Co., Tulsa; Robert Adams, Finance Corporation; Tulsa; and W. R. Johnston, W. R. Johnston & Co., Inc., Oklahoma City.

No. 30: George S. Murray, New York Life Insurance Co., New York; Past President Charles A. Mullenix, The Mullenix Mortgage Company, Cleveland; Frank Wolff; and Allan H. Willard, Hartger & Willard, Grand Rapids, Mich.

No. 31: Lawson M. Watts, First National Bank, St. Louis; Felix M. Davis, Seattle-First National Bank, Seattle; W. L. Eggert,

Spokane & Eastern Branch of Seattle-First National Bank, Spokane.

No. 32: T. W. Brown, John Burnham & Co., San Diego; L. L. McKendry, Chicago Title and Trust Co., Chicago; Jack D. Merriman; and Henry Rasmussen, Jr., John Burnham & Co., San Diego.

No. 33: Rolland H. Smith, Smith Marshall Agency Inc., Pocatello, Idaho; James E. Woodruff, New York Life Insurance Company, New York; and Robert H. Bolton, Rapides Bank & Trust Company, Alexandria, Louisiana.

No. 34: Ferd Kramer, Draper & Kramer, Inc., Chicago; William Osler, W. A. Clarke Mortgage Co., Philadelphia; George H. Schmidt, The Title Guarantee Company, Baltimore; and M. J. Mittenthal, N. E. Mittenthal & Son, Inc., Dallas.

No. 35: Ennis E. Murrey, The First Mortgage Company, Nashville; Vice President-elect Brown L. Whatley, Stockton, Whatley, Davin & Company, Jacksonville, Florida; and James Bloor, Chase National Bank of New York.

No. 36: E. R. Haley, General Mortgage Corporation of Iowa, Des Moines; James J. Teeling, Teeling Mortgage Company, Dallas; Jack Vesper; John J. Griffin, Jr.; and Robert W. Adams.

NEW MEMBERS

(Continued from page 13)

MARYLAND — *Baltimore,* The Savings Bank of Baltimore, One East Baltimore Street, Leonard Eagan, Vice President; *Bel Air,* Commercial and Savings Bank, Main Street, H. R. Fletcher, Executive Vice President.

NEW JERSEY—*Newark,* Joseph L. Pitman, 60 Park Place, Joseph L. Pitman.

NEW YORK—*Buffalo,* Abstract & Title Insurance Corporation, 110 Franklin Street, George F. Brunner, Vice President.

NORTH CAROLINA — *Raleigh,* Occidental Life Insurance Company, C. E. Hyre, Secretary.

OHIO—*Columbus,* C. Merle Igo, 22 E. Gay Street.

UTAH—*Ogden,* Commercial Security Bank, Ogden, Utah, Bulon F. Starling, Vice President.

WASHINGTON — *Seattle,* Puget Sound Mutual Savings Bank, 2nd & Madison, Roy F. Taylor, President.

WHAT THEY SAID IN SAN FRANCISCO

Private Enterprise Can Handle Mortgage Financing

By MILTON T. MacDONALD
MBA President, 1950-51

A YEAR ago I did not realize that the good times which our industry had been enjoying would be brought to a major slow-down, first, by the invocation of Regulation X by the Federal Reserve Board and, second, and far more important, by the change in the fiscal policy of that same Board in March of this year.

The long-term effect and implications of these drastic changes in the pattern of mortgage finance cannot be fully foreseen at this time. However, it is safe to say that the inflationary Housing Bill of 1950 might have precipitated a severe slump had it not been curbed by those forces which came as a result of the Korean incident.

Our membership has wholeheartedly approved and co-operated with the efforts of government to help the rearmament effort; these same agencies of government have singled out the building industry, which directly affects the mortgage finance industry, as a particular target for deflation.

Money is a commodity and demands its price in the market place. In the mortgage finance industry, however, the easy money interest rates of 1950 and before, have not been allowed to seek their own level due to government edict. The Federal Reserve has theoretically allowed the law of supply and demand to partially operate as far as the money market is concerned except for mortgage finance which has been forced out of the current scene on the theory that a logical rise in the mortgage interest rates would be inflationary rather than deflationary.

At a time when the effects of Regulation X were beginning to take hold, the Defense Housing Bill of 1951 has been passed by Congress. This deliberate sabotaging of Regulation X, as far as low-cost housing is concerned, again definitely proves that further inflation is the order of the day in Washington.

Our industry is also plagued by a greatly increased and inflationary public housing program at a time when private building has had to cut its program very materially. We are further plagued by an avaricious Wall Street, which is aiding and abetting public housing without considering the long-term adverse effects this program has on the competitive incentive of that segment of our population which is more than happy to receive political plums in the form of reduced rent which must be paid for by the rest of us.

The political aspect of such a program is repugnant to everything that Americans should stand for. It is our contention that private enterprise, with proper encouragement by government, at the federal and municipal level, can solve this problem. FHA should courageously alert itself to produce a workable formula for urban redevelopment instead of fostering an unrealistic co-operative housing program which practically and idealogically violates the fundamental precepts of its inception in 1934.

Trial and Error in Mortgage Financing

By WILLIAM A. MARCUS
American Trust Company

DESPITE President Truman's repeatedly stated desires to combat inflation, his party leaders and others in Congress poured more and more inflationary bills such as the Housing Acts of 1948, 1949, and 1950. Like many other omnibus bills, those Acts contained some helpful measures entirely offset by the more harmful ones. For instance, the one practical formulae of taking care of veterans' loans in California, in the absence of a private market for VA 4 per cent loans, was the combination 505(a) loan. Congressmen knew its importance in areas of great housing need —but what did they do about it? They killed it in the Housing Act of 1950 and in the same Act stated that "either private lenders will lend at a 4 per cent rate or the government will"—and then proceeded to appropriate $150,000,000 for that purpose.

That is one illustration of many which could be given to show the lack of co-ordination between the executive and legislative branches of the government, between the administra-

No. 1: Convention Chairman William A. Marcus loses his badge, as quite a number did, and wants another. Looking on is, left, H. Loy Anderson, The Metropolitan Mortgage Company, Washington, D. C.

No. 2: Serious business. Past President John C. Thompson, New Jersey Realty Co., Newark and T. A. Robinson, Jr., First Mortgage Co., Inc., Houston.

No. 3: W. R. McMurray, Commonwealth, Inc., Portland, Ore.: Ferd Kramer; and Past President Frederick P. Champ, Utah Mortgage Loan Corp., Logan, Utah.

No. 4: E. C. Spelman and Stanley H. Trezevant in heavy conference.




tive heads of the bureaus concerned, and the failure to recognize the working of economic laws.

Now consider what happened on March 3 of this year, when by accord between the treasury and the Federal Reserve, the new 2¾ per cent non-marketable bond was offered in exchange for the restricted 2½ per cent issues and the Federal Reserve System withdrew its market support of government bonds.

The price of all government bonds fell, the 2½'s dropping to 2 or 3 points below par. High grade corporate and utility bonds moved in the same direction and the yield on both government and corporate bonds rose accordingly.

This natural result must have been foreseen by government economists. Likewise, they must have known that the market for government guaranteed and insured mortgage loans would soften and that many former investors in FHA and VA loans would seek bond investment if the net yield on bonds looked better than that on mortgages. They must have known that the movement of any sizable block of 2½ per cent government bonds into the 2¾ per cent non-marketable classification would largely stop the switch from government bonds into mortgages.

Consequently, it should have been apparent that there would be less money available for mortgage investment than formerly and that the reduced amount would have to compete with other investments now automatically made more attractive. But no effort was made to co-ordinate the acts of the Federal Reserve and the treasury with those of the VA or FHA to the end that simultaneous rate action might have then been taken on VA and FHA loans to compensate for the market dislocations caused by the change in fiscal policy.

We have struggled through six

MORE WHO WERE THERE

No. 1: J. Harold Sparkman, Sparkman, McLean Co., Seattle; Frank W. Fell, Stern, Lauer & Co., New York; Willis C. Post, Providence Institution for Savings, Providence, R. I.; Alfred Reinertson, Pacific National Bank of Long Beach, Calif.; Hugo Steiner, Stern, Lauer & Co.; S. Mark Taper, Lakewood Park, Los Angeles; Michael E. Welt, South Brooklyn Savings Bank; and Norman D. Curnow, Michigan Mortgage Corp., Detroit.

No. 2: Past President W Walter Williams, Continental, Inc, Seattle; MBA Secretary George H Patterson; G. Calvert Bowie; Joseph M. Miller, Miller Mortgage Company, New Orleans; John H. Scott and L. A. McLean.

No. 3: Some of the local San Francisco group at the Legion meeting. Kirk Whitehead, Mason-McDuffie Co.; Willis M. Holtum, Equitable Life Assurance Society and head of San Francisco's MBA; Henry Ehlers, Crocker-First National Bank; Harold D. Edelen, Northwestern Mutual Life Insurance Co.; William A. Marcus and Willis R. Bryant; and C. C. DeWitt, Jr., East Bay Mortgage Service, Inc., Oakland.

No. 4: Murray L. Jones; James F. Smith, Empire Investment Corp., Amarillo; Deane Logan and Latimer Murfee, Realty Mortgage Company, Inc., Houston; Jack Rattikin, Kansas City Title Insurance Co., Fort Worth.

No. 5: Oliver M. Walker, Walker & Dunlop, Inc., Washington, D. C.; Col. Gilbert Woolworth, USA (Retired), former associate prosecuting attorney at Japanese war trials and now an attorney in San Francisco. He was Mr. Walker's guest at Legion meeting; Robert S. Kistler, The C. W. Kistler Company, Miami; Frederick P. Champ, Wallace Moir and C. W. Kistler.

No. 6: Harry D. Griffiths, Reliance Life Insurance Co. of Pittsburgh; J. J. Madden, The Lincoln National Life Insurance Co., Fort Wayne; James A. Cheek, W. A. McKinley Co., Dallas; John Ely Weatherford, Title Insurance Corp. of St. Louis; P. Bradley, Laclede Bond and Mortgage Co., Clayton, Mo.; Felix M. Davis, Seattle-First National Bank, Seattle; Harry L. Shaw, Olympic National Life Insurance Co., Seattle.






months of confusion and uncertainty, yet no remedial steps have been taken by the government to correct the situation created by it.

Here are five problems for study during the ensuing months:

›› How to provide a satisfactory yield on VA and FHA loans in the West and Southwest when sought by New York and other eastern mortgagees in competition with their local "over-the-counter" rates.

›› How to bring into closer harmony the practices and philosophies of the VA loan guaranty division and those of FHA.

›› How to show the various veteran organizations that a sound economy is of greater importance and less costly to their members than a preferential interest rate on mortgages.

›› How to present facts and figures to Congressmen and to the public so that we may obtain sounder housing and home financing legislation than that enacted in the past six or seven years.

›› How, through private enterprise mortgage lending agencies, and through freely operating secondary markets, to best serve the entire economy of the nation including home buyers, veterans, builders and the thrifty whose savings make home financing possible.

›› BLUEPRINT FOR THE FUTURE: *Said T. S. Petersen, president, Standard Oil Company of California:*

"I believe earnestly that our great industrial system is in grave danger of being literally tinkered and bossed and regulated to death. In some cases, these moves are ideologically motivated; in others they spring from the political philosophy that everything can be cured by another law.

"Now, it is a curious fact that these drives are always cloaked in righteousness. When they come from someone high in government they are made to sound downright patriotic. You've seen this technique at work. When a businessman starts to put up a defense of his right to run his legitimate affairs successfully he is practically certain to find himself attacked, directly or by implication. He is the enemy of the people and a betrayer of the founding fathers. Only a little thought as to the origins of our system and the intentions of the men who created it demonstrates the falsity of this appeal to prejudice.

"The public is surely entitled to insist that this tremendous repository of American destiny called government direct itself to the course so clearly marked in the beginning. It is entitled to demand that this great, free industrial system be given a clear track so it can get on with its appointed task of serving the American people."

›› VIEW OF TOMORROW: *Said Dr. Arthur A. Smith, vice president of the First National Bank in Dallas:*

"Our selfishness got us here and I suppose it will keep us going to a point where turning around will be impossible. Out of the 'inflation emergency' will come a 'deflation emergency' which, they will tell us, can only be met by more 'controls' and more 'planning.' I see no end. I cannot be optimistic about the future of our capitalistic system. It is steadily eroding away. Each 'emergency' creates additional excuses to restrict economic freedom.

"I fear that the most overlooked, most neglected damage being done to America is the destruction of her real

economic strength—the depletion of her natural resources and the abandonment of the sound, economic principles which made us a great nation. Saddest of all is that this is happening by vote of the people.

"But with our tremendous real economic strength — natural resources, technology, manpower—it will be impossible for the planners to take us a very long way down the road to inflation. A strong nation can stand more inflation doping than a weak nation. The least threat of a return to a situation like that of 1929-1936 would be met by full force by the planners—by more public works, by more foreign aid, by restricted farm production and supported prices.

"These will be paid for with deficit financing. The planners fight deflation with inflation. What I fear most is that the planners will find an excuse to resort to the greatest of all inflation engines—war. In my judgment, the 'prosperity' we have enjoyed in this country since 1940 was a result of war. It is seriously questionable whether the New Deal would have gotten us out of the depression by means it had adopted.

"We can and will go a long way down the road to inflation without collapse. Every step we take along that road does threaten our free enterprise economy just that much more because every step further increases the power of those whose theories would nationalize and socialize us. This is the most significant element in the whole inflation picture and it is being overlooked by bankers, industrialists and others who ought to be more concerned. I am sure if they realized the ultimate danger they would be the first to come out strongly for a pay-as-you-go policy."

>> AIRPLANE AND PROPERTY: *Said A. N. Kemp, chairman of the board, Pacific Mutual Life Insurance Company:*

"The impact of air transportation on real estate values is real. Some of the effect is prompt and easily measurable, but much of it is gradual, covering a transition of many years, and much of it is difficult to measure. In some respects it merely continues processes started by other forms of transportation, and in other respects it creates specific changes peculiar to this new form of transportation. It goes far toward elimination of provincialism and toward unifying a large country covering a great geographical area. It has aided and will continue progress toward achieving the goal of a true world community, creating better understanding among peoples, dramatizing the fact that they are really close neighbors, speeding world economic progress, and eliminating many of the causes of war."

>> LOAN OUTLOOK: *Said W. A. Clarke, president, W. A. Clarke Mortgage Company, Philadelphia:*

"In appraising conditions of the money market today, it is well to bear in mind that as far as mortgages are concerned, there has been a great deal of hysteria. We have witnessed a phenomenon which may never occur again. Government bonds have recovered from the low point of 96-22/32, the low level for the Victories of 1967-72.

"The demand today for new securities is too great for one to see much decline in the interest rate . . . earlier this year, life insurance commitments were about $4,000,000,000 and those for savings banks, $1,000,000,-000. Neither will buy much until these commitments are out of the way . . . by December of this year, these commitments should be getting out of the way and lending institutions will be seeking forward commitments for mortgages next Spring . . . institutional buyers are not saving anything by not buying loans today.

"My conclusion is that an FHA loan at par less ½ per cent servicing is a completely good investment. Life companies will be seeking them in volume shortly. . . .

"VA loans yielding 3.80 per cent will have to sell at discount of between 97 and 98 . . . we hear of prices around 94—it's hysteria! These loans should sell higher.

"I don't like Fanny May and you don't like Fanny May and we'd all like to keep the government out of lending, through Fanny May or otherwise. Our problem is one of inflexibility of interest rates. We have got to get away from this holier-than-thou attitude concerning the inflexible interest rate. Going back and looking at what has transpired in the past, to the good old days of 5 per cent (turning to FHA Commissioner Franklin D. Richards, 'What are you laughing at'?) the FHA rate went down to

$4\frac{1}{2}$ per cent and we had premiums. . . . Then it went to $4\frac{1}{4}$ per cent. . . . Interest rates should be free. . . . Conceivably, the VA rate might at times be less than 4 per cent . . . this VA problem is involved in matters political . . . somehow, someway the facts of life concerning this question must be gotten over to the American Legion and the Veterans of Foreign Wars. . . ."

>> BUILDER'S THOUGHTS: *Said W. P. Atkinson, president, National Association of Home Builders:*

"No question about it, we are in a dilemma and the mortgage roadblock is the No. 1 building problem. Many of us seem to think that an increase in interest rate is the answer . . . my mortgage expert, Tom Coogan, sitting right here in the front row, believes that an increase in rate is not necessarily the answer. . . .

"To digress a moment, I have just returned from a stay in England and what I saw there is shocking indeed to people like myself who want to maintain a sound private enterprise system within our own industries. Believe it or not — and I was as surprised as can be — the building societies in England right now have enough money to build 1,000,000 homes at 4 per cent interest, but the government is building nine of ten homes today over there, and it won't cut its public housing program. And the conservatives are on record as saying that they won't cut the government housing program either if they should be returned to power at the forthcoming election.

"What we builders and you mortgage lenders sorely need is a joint committee to continually explore our mutual problems.

"I am opposed to direct lending as much as you are . . . and I believe that the immediate solution to our present problem is that the VA be permitted to allow discounts on mortgages."

>> WHAT BUILDING NEEDS: *Said P. I. Prentice, editor and publisher, The Magazine of Building:*

"The difficulty is that our new home-building industry needs more long term credit each year than all corporation bond issues, all state and municipal bond issues combined. It needs so much new credit that in every year since the war, and still today, the total rate of savings has not been great enough to finance all these new homes and at the same time meet all the other demands for long term credit.

"The only way it has been possible to provide this credit has been because for five years after the war the banks and insurance companies were able to pursue a considered policy of switching from low interest government bonds to more attractive mortgages. Most of these government bonds they add have had to be bought by the Federal Reserve system; i.e., they have had to be converted into paper money. This process cannot go on much longer, nor can the big lenders be expected to continue indefinitely to increase the percentage of their portfolio invested in mortgages.

"So the problem we face today is no simple one. It is a problem which cannot be solved until some way can be found to increase the total rate of America's savings until they are big enough to meet the demands upon them — including the demand for mortgage money. And even then it can be solved only if new sources of mortgage money (like the pension trusts, mutual funds and perhaps on VA loans) even some individual investors too can be induced to begin investing in mortgages, so that home mortgages can attract a larger percentage or a larger total pool of annual savings."

>> FROM FHA: *Said Franklin D. Richards, FHA Commissioner:*

"Builders started 980,000 units in 1949, breaking all records, and came right back in 1950 with 1,350,000 . . . the inflation danger in this industry began in 1950 . . . the credit restrictions have been healthy . . . of course, the interest rate is not inviolate. . . .

"The FHA rate was reduced only after premiums had gone way up.

"Our present difficulties have been the result of overly-large commitments made. Deposits are going up fast now, and I think competition will return rapidly. The mortgage money market will improve. The target of 850,000 units constitutes a tremendous volume of building . . . private enterprise is fully equipped to do the building job. . . . Title VIII housing is the best housing on the market today, dollar for dollar. . . . We must look to the future. We built $8\frac{1}{2}$ million units in the last decade . . . doubling up of families has eased greatly. The country cannot continue to absorb housing at the rate of the last few years . . . we will need far more low-cost housing because we must not forget that the median annual income is only $3,000 a year.

"Title IX is only a supplement, to be used in critical areas . . . this is no time for mortgage lending to let down . . . we must make it possible for servicing of small loans on a profitable basis. . . ."

>> MAKE THEM AT 4%: *Said Senator John Sparkman of Alabama:*

"Direct loans to veterans is the re-

sponsibility of Congress. Congress really doesn't want it; I don't want it, and you don't want it, but it seemed the thing to do at the time. If 4¼ per cent is all right for FHA loans, then why isn't 4 per cent all right for VA loans, considering the lesser risk . . . it must be made possible to do away with Fanny May . . . I think we should have a central mortgage bank."

» CAPITAL VIEW: *Said Samuel E. Neel, MBA Washington Counsel:*

"The most reliable figures from Washington seem to indicate that 1951 starts will be around 900,000, 50,000 more than the target. Ninety-nine per cent of our troubles (VA loans) have been confined to 20 per cent of our business . . . mortgage rates today are solely at the mercy of the government . . . we must convince the veterans organizations that it is in the best interests of veterans to see that interest rates rise in accordance with the general rise in the market."

» SERVICING IDEA: *Said Fred K. Cordes, deputy controller, The Bowery Savings Bank, New York:*

"The Single Debit System has been devised by us as a simplified method of accounting for FHA and VA loans on private dwellings. Under this system, we set up on our books single debits for blocks of loans rather than an individual debit for each loan. It may seem complicated but actually the operation is simple.... Many large institutional investors are striving to reduce their internal servicing costs. This is a good trick if you can do it, especially without increasing the servicing contractor's costs. We think that the Single Debit System accomplishes both objectives: 1. Reduces internal servicing costs of mortgage investor; and 2. does not increase costs of servicing contractor.

"We saved approximately $15,000 during the first nine months that this new system has been in operation. This is a lot of money even to a mortgage banker."

» SERVICING MAN: *Said William I. DeHuszar, treasurer, Dovenmuehle, Inc., Chicago, and author of MBA's Handbook of Mortgage Loan Servicing Practices:*

"One of the servicing manager's most important jobs is to sell ideas. This is not done by telling the employees about a new idea and asking them to adopt it, but by planting the idea with them in such a way that they ultimately come to feel that it was theirs in the first place. He has to know how to get along with employees and how to help others do their work so that they believe that they work almost without supervision. New ideas are always needed but at times it is more expedient to improve an old routine so that it works smoothly and effectively than to adopt a new one and run the risk that it may not work. Success of a good idea does not always depend on its intrinsic value; it depends on how the idea is developed by the servicing manager and adopted by the employees. Servicing managers can take pride in hitting on an idea but the credit for the success should always go to the employees. To a successful servicing manager it should not matter who conceived the idea. What should matter is that it works"!

» SERVICING PROFIT: *Said William W. Salmon, secretary-treasurer, Southern Trust and Mortgage Company, Dallas:*

"A well-managed correspondent operation should have the business planned so that as early as possible the income from service fees will cover all expenses. It is not easy to attain this position, although there are a few at present able to pay all business expenses including salaries of senior executives and show a reasonable profit. In a period such as we are presently experiencing, this is of major importance as premiums for loans have been reduced almost to a vanishing point, and in most instances correspondents who originate loans for sale at par make a cash investment in each case put on the books. This investment includes inspections of properties, appraisals, submission of loans to investors, conveyancing incident to closing, setting the loan up on the books, etc., and must be absorbed by the correspondent. This is indeed a problem worthy of careful consideration."

» LENDING FACTORS: *Said Linden L. D. Stark, vice president, The Anglo California National Bank, San Francisco:*

"Mortgage foreclosures are still low, last year running only 6.2 for each 100,000 families as contrasted to 84.6 for the same number of families back in 1933 to 1935. However, the rate today is higher than in 1947 when

MBA EVENTS IN 1952

January 14-16: Conference on FHA and VA (for younger men) Washington, D. C.

January 29-31: Sixth annual Senior Executives Course sponsored by MBA with the Graduate School of Business Administration of New York University.

February 14-15: Middle Western Mortgage Conference, Drake Hotel, Chicago.

March 11: Regional Clinic, Memphis.

March 13: Regional Clinic, Atlanta.

April 14-15: Eastern Mortgage Conference, Hotel Commodore, New York.

April 29: Regional Clinic, Seattle.

May 2: Regional Clinic, Los Angeles.

June 16-20: Fifth Annual Mortgage Banking Seminar, Northwestern University, Chicago.

June 23-25: Second Advanced Mortgage Banking Seminar, Northwestern University, Chicago.

September 30, October 1-3: 39th Annual Convention, Stevens Hotel, Chicago.

the ratio was 2.46 for each 100,000 families.

"While the present figure is not that favorable, the trend should be recognized as an indication that foreclosure problems may become more pronounced as time goes on.

"Most mortgage loans today are on an amortized basis which should help cushion any decline in real estate values, and monthly payments in most cases are less than comparable rent, so that there is no advantage for an owner surrendering his property to move into a rental unit. The high cost second mortgage has been almost eliminated and rental values of older properties have not increased unduly.

"What are the significant factors in the present mortgage picture?

>> About half the loans in existence today were made during the past five years, against what may prove to be relatively high prices. (Looking into the past, loans made during the years 1927-28-29 showed greater losses than those placed years before, when prices were lower.) History could repeat itself.

>> Amortization payments, in most cases, are less than comparable rent for the same dwelling; hence, there is no present monetary advantage to the owner in surrendering his house and moving into a rental property.

>> Most real estate loans have been made on a comparatively low interest rate basis, thus enabling the homeowner to purchase his home over a period of years, at a cost lower than that which prevailed in the twenties.

>> Rental values of older properties have not been increased unduly, as they were during the 20's, because rental ceilings have served as a curb. However, when ceilings are removed, rents and values of the older properties might possibly increase.

>> There is greater diversification of risk in mortgage portfolios now, compared with those of the 20's, because of the existence of a large number of loans insured under FHA and guaranteed by VA."

>> COLLECTION POLICY: *Said Richard M. Hurd, vice president, Teachers Insurance and Annuity Association of America, New York:*

"The main points of a sound collection policy are:

>> Find the cause of the delinquency.

>> Be firm but polite and considerate.

>> Handle it as though your own money were involved but keep your investor advised.

>> In the case of income property, constantly watch for sound management. If anything goes wrong, protect the rent for the mortgagee.

>> Remember always that the correspondent and investor are in partnership. Their interests are identical. It is a foolish correspondent who sells a weak loan to his principal in order to make a quick profit. He is burning down his house to warm his hands."

>> EMPLOYEE RELATIONS: *Said Wallace Moir, president, Wallace Moir Company, Beverly Hills, Calif.:*

"Every employee should receive more than just wages or salary, but additional compensation as earnings permit.

"There are two general reasons why it is right to do so, and if we do not

An Exchange of Letters

THE great need for a continued vigilance in the fight against inflation keynoted the letter which President Truman sent to President Milton T. MacDonald at the Convention. It said:

THE WHITE HOUSE
WASHINGTON
September 1, 1951

Dear Mr. MacDonald:

Please give my greetings to your membership in their Thirty-eighth Annual Convention.

The Mortgage Bankers Association of America has been an important force in our national economy and will be increasingly so under the pressure of our expanding mobilization. The best interest of the Nation requires from your organization strong support for the government's efforts to combat inflation and to keep our civilian demands in balance with our defense necessities. Your counsels and policies aiding in that endeavor have been greatly appreciated.

The course immediately ahead is one that calls for utmost skill and judgment. To meet our defense requirements, we must necessarily defer much normal expansion in housing and real estate development, as in other peacetime endeavors, that otherwise we would seek to encourage. At the same time we have compelling demands for our defense and essential civilian needs in the provision of housing and living facilities which must be met. We need the full support of the Nation's mortgage lenders both in meeting these needs and in keeping normal operations within the limits of our economic capacity. In both these phases of the developing situation, your members who have so much to do with the mortgage lending practices and policies of private capital have a very large responsibility.

We need statesmanship in business today as much as we do in government. I am sure that you will approach the problems in your field with that in view and that the agencies of government will do their utmost to assist you in the same spirit.

Very sincerely yours,
Harry S. Truman

In acknowledging the President's letter, President MacDonald said:

My dear Mr. President:

I want to express to you the gratitude of members of this Association for the message you sent on the occasion of our 38th Annual Convention here in San Francisco. We agree whole-heartedly that a primary objective in our domestic economy is to continue the fight against inflation; and the mortgage lending industry has exerted every effort toward this end. Our industry has lent its full support to making effective the limitations under Regulation X and the credit restrictive orders under FHA and VA. I know you share with us our pleasure in seeing that these efforts have so far been successful.

While the mortgage industry has certain strong reservations today about some of our fiscal policies—principally the fact that FHA and VA interest rates remain frozen at a level which makes it largely impossible for insured and guaranteed mortgages to compete with other investment media —we are unanimously behind the general over-all anti-inflation effort. We do feel, Mr. President, that continued maintenance of the VA guaranteed mortgage rate at four per cent is entirely unsound and works a great hardship on veterans even under the liberalized provisions of the Defense Housing Act of 1951. There is practically no market for VA mortgages at the present time, except through the Federal National Mortgage Association—and we feel, and I am sure you share our view, that this is indeed not as it should be. We hope and trust that the government will soon see the wisdom of bringing these two rates in line with the higher credit level resulting from the Treasury-Federal Reserve accord in March.

Again my sincere thanks, Mr. President, for your gracious gesture in sending us greetings at our Convention.

Very truly yours,
Milton T. MacDonald
President

do so we may be in for great trouble. The second reason is unfortunately the most impelling to most people, so I point out how deep and widespread it is.

"You do not need to reflect much to know that two systems for managing the production of goods and services in the world are now in conflict—democracy, or private enterprise, and Communism, or state socialism. The struggle is still on—the issue is undecided.

"The problems which Karl Marx presents and the questions he asks are many times appropriate, pertinent, and entitled to consideration; but with the conclusions for solving them I cannot agree. Big government will not lessen the abuses of big business. It will increase them. Big government is infinitely bigger than big business in anything it undertakes.

"The early founders of our country, through their battles, sound thinking, courage and prayer, saved us from big government. Let us hope that we shall not forget what our forefathers remembered so indelibly; to-wit: 'That the evils of big government are infinitely more vicious than the evils of big business.' It is true that business must be capable of self-discipline in the interests of the public. Justice and generosity must replace greed and private self-interest, or government will replace business in the name of public good.

"It would seem to me that a just and generous profit-sharing plan which is truly a plan for the sharing of profits would solve the problems raised by Karl Marx or anyone else in connection with labor's contribution to surplus-value."

W. A. CLARKE NAMED FOR MBA AWARD SECOND TIME

THE first man to be given MBA's annual Distinguished Service Award got it again in 1951. W. A. Clarke, president, W. A. Clarke Mortgage Company, Philadelphia, and consultant in the division of selective credit regulations of the board of governors of the Federal Reserve System, was announced as the 1951 recipient of the honor at the opening session of the Convention.

In making the presentation, President MacDonald said:

"This year it is a particular pleasure to present our annual award to a man who has been an ageless and tireless worker in behalf of the interests of our Association. Over the years he has been a controversial figure in our mortgage society and has been dubbed 'The Great Dissenter.' He is a Quaker through and through and one who was accused last April of selling our industry short because of a studied dissertation which he made at our New York Mid-Winter Conference. At that time we were asked to forever ban him from future appearances on our programs. However, all his prognostications of last April have come true.

"He reminds me of a figure in that immortal poem by Longfellow, well known to all of you. The lines are as follows:

'One if by land and two if by sea
And I on the opposite shore will be
Ready to ride and spread the alarm
Through every Middlesex village and farm
For the "mortgage folk" to be up and to arm.'

"This man always shows up when he is needed. We never know quite when or quite how—but he always arrives on time. He is not only the proprietor of a prominent mortgage loan business, but also a director of a large insurance company and the real estate consultant of the Federal Reserve System."

He is the first MBA member to receive the award twice and the committee making the selection this year recognized his work in connection with the various limitations orders under which the mortgage industry has been working during the past year as well as his interpretative analysis of conditions underlying the business since the change in fiscal policy last March.

» **HIS 27TH:** For J. C. McGee of Reid-McGee & Company, Jackson, Miss., San Francisco was his 27th MBA convention, probably a record except for Ennis Murrey's which also goes back quite a period. Frank C. Waples of Cedar Rapids, Ia., another long-time MBA convention-goer, was missing this year. Like many other members, McGee made San Francisco an occasion for seeing some of the western United States and territory

(Continued next page, column 1)

ALLYN R. CLINE NAMED MORTGAGE LEGION HEAD

ON THE 10th anniversary of its founding, the Mortgage Bankers Legion elected Allyn R. Cline, president of the Cline Mortgage and Trust Company, Houston, as its Grand Marshal for the 1951-1952 year. He succeeds John H. Scott, president of the Scott Mortgage Company, Pittsburgh. Wallace Moir, president, Wallace Moir Company, Beverly Hills, California, was elected secretary. The organization's annual dinner and meeting were held Monday evening prior to the Convention opening Tuesday afternoon. Three new members were admitted, L. Douglas Meredith, Montpelier, Vermont, E. H. Grootemaat, Milwaukee, and Kenneth J. Morford, Seattle.

NEW MBA TEXTBOOK SET FOR 1952 PUBLICATION

Mortgage Banking, the first and only textbook ever published devoted exclusively to the mortgage lending industry, will be issued by McGraw-Hill Book Company early in 1952. Sponsored by MBA, the text will contain the work of 36 authors, including owners of mortgage banking firms and officers of life insurance companies, banks and other institutions. Editor is Robert H. Pease, vice president, Draper & Kramer, Inc., Chicago, and lecturer at the graduate school of business at the University of Chicago, and long active in MBA's seminars. Associate editor is Homer V. Cherrington, professor of finance at Northwestern University.

The work has been in preparation for more than two years and is one of the most important educational projects the Association has undertaken. It is a book which every institution in the country with an interest in mortgage lending will want for its staff. It is the first practical and objective approach to the mechanics and procedure of mortgage lending. Construction loans, underwriting, appraising, servicing, mortgage law, economic cycles and every aspect of the business will be fully covered in the new book. To insure a copy of the first editon, members should make reservations now by writing the national office. Price at the moment has not been determined.

LADIES' DAY IN MBA: It was certainly that in San Francisco. While the 1951 Convention narrowly missed being a record-breaker, as far as the ladies were concerned it was the largest ever. Exactly 477 were there and two large social events were especially arranged for them. The first was a luncheon and fashion show in the Fairmont featuring a display of gowns from Gump's, described by a commentator who seemed to catch the ladies' fancy. Fresh flower leis were flown in from Hawaii and the ladies are wearing them in photo above. Any lady who would like a copy of this photograph can get it by writing the National office.

beyond. He and Mrs. McGee flew to Hawaii preceding the Convention and toured the islands. Quite a difference in MBA meetings now from those early ones he attended, and quite a difference in the business done. Reflecting on his own career, he stopped to recall in San Francisco that when he first started attending his was a one-man shop with no servicing; today it has 60 people with $50,000,000 in servicing.

MEET MR. PRESIDENT

(Continued from page 9)

Ranger Oil and Refining Company as a superintendent. Later he was in it for himself. He liked oil and likes it today and had he stayed, probably would have done as well as he has in mortgages.

The fact that he didn't stay was because of an idea he had—an idea that real estate financing and real estate selling were good things to do, things that would challenge his abilities. He enjoyed selling because he likes people; and likes nothing better today than to go out and make a sale.

In Dallas at that time was a man named F. M. Love who had moved there from Nashville to become state manager for an insurance company. He too wanted to go into mortgage lending. One of Love's insurance partners also knew Costa and knew

FIRST LADY OF THE CONVENTION: Mrs. Milton T. MacDonald at the ladies' luncheon and fashion show with (left) Mrs. Hugo Dalmar, president, H. Dalmar & Company, Chicago, and (right) Mrs. Owen M. Murray, wife of Past President Owen M. Murray, Dallas.

MBA TRAIN RIDE: When MBA's special train to San Francisco arrived in Salt Lake City, the party was taken on a bus tour to Brighton Canyon where there is a ski lift. A ride on it wasn't in the schedule of events but many went anyway. One lady bargained for more than she expected and after reaching the top decided she'd rather not return that way. She chose to follow one of the trails back. Buses were waiting to return the party and when she didn't arrive on time, her husband went to get her—but he took a different trail up the mountain. But finally all got back safely with none the worse for wear.

It was MBA's first venture in special Convention trains. The group from Chicago into Denver numbered 236 where 20 more joined the party making 256 into Oakland. Returning, 123 went the Southern route via Yosemite and Los Angeles while 67 went through the Pacific Northwest.

Above, a portion of the party on the Roof Garden of Hotel Utah in Salt Lake City on their Sunday stop there.

that both had the same idea. He got them together one Sunday in the Adolphus Hotel. They met, talked it over and then decided "to look each other up for a month," then come back for another talk. They did just that; and the outcome was the birth of the Southern Trust & Mortgage Company. It remains essentially the same operation it was 27 years ago except that instead of one employee there are now fifty, instead of just mortgages, there are real estate sales and other departments and the Love & Costa Insurance Agency as well, one of Texas' largest. The mortgage end means a servicing volume exceeding $60,000,000 and believed to be the city's largest. It's all in one office; the firm operates no branches. Everything serviced is right in the immediate Dallas area—"all within an hour of the office where you can look at it and keep your eye on it," as President Costa rather proudly recalls.

In these days of planning and super-planning, the business is one that was "planned that way" nearly three decades ago. When the Love and Costa partnership was first formed, they saw the advantages of diversifying, of not placing "all eggs in one basket." They wanted to build their lending volume but also they wanted to make sure that they had an adequate servicing volume as well. President Costa was and is today a strong advocate of maintaining a good servicing volume. They wanted a sales organization and they wanted to do a good job of providing insurance service. They wanted diversification and they got it; and during times such as the industry has recently experienced (and this hasn't been the first one) the proof of the pudding has been in the eating—and it has been good.

Unmarried, President Costa maintained a home for his mother and father until their deaths in recent years. He still lives in the same apartment but now it's been re-arranged more in keeping with his own individual taste. His closest relative is his sister, Mrs. A. Greene whose husband owns and operates a wholesale jewelry firm in Dallas. Their sons, E. C. Greene and M. J. Greene, are associated with Southern Trust & Mortgage, the first as assistant secretary-treasurer and the latter as controller.

He likes bridge and goes at it intensely, as Texas friends have learned who have played with him coming to MBA meetings. He is a member of the Lakewood Country Club in Dallas and the Dallas Athletic Club and frequents both. He's an occasional golfer. He headed the Texas MBA in 1939 and continues his interest in that organization. In the 1948-49 MBA Association year, he was selected for the MBA Distinguished Service Award.

President Costa probably would have liked an opportunity to catch his breath after the San Francisco Convention; but with the extent of present activities, that wasn't possible. Four days after he landed home, he flew to Washington for a meeting there, then on to fill his first speaking engagement at the Philadelphia MBA meeting. And so another Association year begins, one that holds every promise of reaching a new high in accomplishment.

Coming back, the Southern contingent stopped at the Palisades near Los Angeles for some sightseeing and a photograph. Below is the latter. (If your picture appears in this issue and you want the original, ask us for it.)







COMMITTEE FOR MEN "UNDER 35" IS NAMED

Initial step in an effort to stimulate a greater interest among younger mortgage men in the Association was taken at the San Francisco convention at a breakfast for "men under 35" *(see picture page 16)*. Problems of the industry were discussed and President Aubrey M. Costa told the young men how the Association's committees function and requested their co-operation when asked to perform in various capacities. As the result of the breakfast, a committee was appointed headed by Thomas E. McDonald, Director of MBA's Department of Servicing and Accounting, to direct this activity. Members include: W. I. DeHuszar, treasurer, Dovenmuehle, Inc., Chicago; Stuart B. Micklethwaite, The Maccabees, Detroit; John M. Popkess, Kansas City Mortgage Company, Kansas City, Mo.; William Osler, W. A. Clarke Mortgage Co., Philadelphia, Pa.; and Cecil Laughlin, Republic Mortgage Co., Inc., Fort Smith, Ark.

Mr. McDonald is anxious that all who attended the San Francisco breakfast, as well as all other mortgage men under 35, write to him at the headquarters office at Chicago, outlining any views they may have of some special problems in the industry for the younger men. The next meeting will be held at the Drake Hotel during our Mid-winter mortgage conference.

›› SOUVENIRS OF SAN FRANCISCO: The 1951 Convention was a time for many who attended to take side trips, some before the meeting and some after. It was also a time when many members had the unusual experience on going in a very large group. On our special train west, Lawrence Pfefferkorn of Winston-Salem Bond and Mortgage Company, was one of the photographers. Several of the photos here are from the collection he brought back.

No. 1: At Crown Point on the Columbia River trip. Mr. and Mrs. F. C. Atwood, Mankato, Minn., Mrs. and Mrs. Rupert Hall, Tulsa, Mrs. Pfefferkorn and Mrs. M. H. Guillot, Dallas.

No. 2: Going to Victoria, B. C. Mr. and Mrs. Lawrence Pfefferkorn, Mrs. Stanley Fosgate, Miami, and Mr. and Mrs. George V. Scott, Jr., of Lawyers Title Insurance of Richmond.

No. 3: Black jack at Elko. Mrs. Pfefferkorn watches Benjamin G. Harrison and Hoyt M. Dobbs, Jr. of Franklin Life Insurance Company, Springfield, Ill. Mark V. Overmyer, Lincoln National Bank and Trust Company, Ft. Wayne, Ind., also observes.

No. 4: Mrs. R. O. Fowler (foreground), wife of R. O. Fowler of Connecticut General, does pretty well at a casino in Elko, Nev., while Raymond H. Lee, of Lawyers Title Insurance Company, Richmond, works at it. Background: Mrs. G. Calvert Bowie, and W. L. King, Washington, D. C., Mrs. Lawrence Pfefferkorn, Mrs. King and Stanley H. Trezevant, Memphis.

No. 5: Going through North Dakota. Parlor car scene.

No. 6: Inspecting exhibit. Tom Zeder of Briggs Beautyware shows George H. Dovenmuehle, Chicago, and President-elect Aubrey M. Costa one of firm's products.

No. 7: Press at San Francisco. Covering the mortgage outlook session Friday morning, left to right, Sidney Allen, financial editor, San Francisco Chronicle; Albert Schneider, San Francisco Examiner; Edwin Drechsel, U. S. News and World Report; Lindsay Arthur, financial editor, San Francisco Call Bulletin; Larry Davies, New York Times; Gurney Breckenfeld, Magazine of Building; and John Piper, financial editor, San Francisco News. Not shown here, Richard Lamb, Business Week, Ernest Baumgarth, Detroit News; Ralph Heppe, Associated Press.

VA LOANS IN 1952

(Continued from page 11)

We realize that there are other currents at work in the present financial scene which may create additional demands upon investment funds which might otherwise flow into mortgages. We recognize the extremely high rate of investment in plant and equipment by business firms, and that the consequent demand for new capital through corporate security issues is at very high levels, and apparently may rise even further in the period ahead. Similarly, the magnitude of our defense expenditures and the portion of those expenditures which may be deficit-financed, as well as the methods by which new Treasury borrowings are to be carried out, including the price to be paid for such new money—also are fundamental forces which will have a strong influence on the future structure of money yields. Conceivably, these elements could lead to a further rise in interest rates and money yields. I do not think anyone can predict with certainty on that question. In view of the anti-inflationary objectives which have already been achieved by the changes in monetary policy last spring, there is every reason to doubt that we will see any further substantial increase in the level of money yields.

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